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CHINA REPORT

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NATIONAL ECONOMIC POLICY

EMPHASIS PLACED ON IMPROVING ECONOMIC RESULTS

Beijing GONGREN RIBAO in Chinese 24 May 80 pp 1, 2

[Article by staff commentator: "Paying Attention to Economic Results Is a Very Important Policy"]

[Text] Poor economic results are an outstanding problem in the economic development of our country. To accelerate the realization of the four modernizations, efforts must be made to improve economic results.

Over the past 30 years, China's achievements in economic construction have been great, and the speed of economic growth has also been fairly high. From 1950 to 1978, the average annual increase of the total value of industrial and agricultural output was 9.5 percent, with the speed of industrial development being 13.5 percent. However, the economic results we have gained cannot be considered satisfactory when they are compared with the consumption of manpower and the material and financial resources through the 30-year period. Today our country is still very poor. All our people are economizing on food and clothing and working very hard, but the average national income per capita is very low. Our country's low economic results, in comparison with the industrially developed countries, are very apparent. For instance, although our country and Japan are identical in the amount of energy consumed, our industrial output value is only one-fourth that of Japan. What particularly gives us much food for thought is that the index of many economic results is far below even the good level which we had attained ourselves in the past. For instance, in the profit and revenue from every 100 yuan of capital offered by state-run industrial enterprises, the index for 1978 was lower than that for 1957 by 26 percent. In the past 20 years and more, the amount of funds in circulation increased day by day, but in the same period the frequency of circulation decreased markedly. During the First Five-Year Plan, the construction period for large and medium-size projects was 6 years on the average; after the Fourth Five-Year Plan it was 11 years and 6 months on average, almost twice as long. For key enterprises of many trades, the material consumption of unit products has not yet reached the best level of the past. In carrying out the four modernizations, we must change thoroughly this practice of disregarding economic results. From now on, in all branches of work, we must make a comparison of economic results and select the best plan which costs less and gains great results. This is a very important policy.

To improve economic results, first of all we must call upon the leading persons of economic departments to have a correct ideological line, to persist in seeking truth from facts, to determine their work according to actual conditions, and to take economic results as the principal criterion for judging all economic work. Over the past 30 years our country's economic results were low, and the basic reasons were as follows: we did not proceed from reality, did not respect objective economic laws, adopted many unrealistically high targets, and gave blind commands with impatience and subjectivism. For example, everyone was engaged in steelmaking, every province tried to be self-sufficient and build its own system, capital construction projects bloomed all over the country, and so forth. All these efforts brought about losses and damage hard to estimate. We must keep firmly in mind and learn from such profound historical lessons. In the future, we must rectify our ideological line, always remain clearheaded, stipulate economic development plans by proceeding from reality, rationally arrange such strategic plans as the scope of construction, the direction of investment and the distribution of productive forces, and actively carry out reforms in the systems, policies, and methods of economic management to meet the needs of economic development.

Secondly, fully giving play to one's own economic superiority, developing the strong points, and avoiding the weak points constitute successful experience in improving economic results. Due to different historical conditions and natural resources, every country, every region, and every enterprise all have their strong and weak points in the development of production. By striving to bring into play one's own strong points, one will bring forth a superiority different from that of others. Ours is a big country with a population of 1 billion, rich in manpower and natural resources. All manpower and material and financial resources of the country may be concentrated to build projects related to our country's national economic lifeline. This is our superiority. To bring this superiority into play, it is necessary to use fully our natural resources for the development of more products which requires a great deal of labor but not much investment, such as the light and textile industries and handicrafts. As regards the technological policy, it is also necessary to proceed from the reality of our country; while adopting advanced technology we must pay attention to the adoption of intermediate technology. In giving play to superiority, as far as various regions are concerned, they must begin by studying their own special features to build rational industrial structures, and they should not pursue an independent system with complete production departments. As far as industrial and business enterprises are concerned, they should take the road of specialization and coordination, give play to their own strong points in technology and equipment, and turn out more and better products of fine quality and famous brands, so that there will be more industrial products with greater ability for competition in foreign markets.

Thirdly, having competition and protecting competition, provided that we persist in the direction of socialism, in an effective way of improving economic results. Competition is not an economic category peculiar to

capitalism, but is a category of commodity economy and the law of value. Under socialist public ownership, since commodity economy still exists, it is unavoidable that competition also exists. However, the competition brought forth by the readjustment of our socialist market has absolutely nothing in common with such competition as the life-and-death conflict of fundamental interests under the capitalist system, where the weak are the prey of the strong. It will be competition carried out under the guidance of the state plans and on the basis of the mutual compatibility of fundamental interests. Its purpose is to urge the less advanced to catch up with the advanced and the advanced to become still more advanced, thus promoting the development of the productive forces of the entire society. Through competition, every enterprise will consciously try its best to improve operation and management, to raise the level of technology and, in the course of production, to make its own products less wasteful, better in quality, lower in production cost, and more marketable. At the same time, all departments and enterprises will be compelled to investigate and study to ascertain the demands of the market, and refrain from unchecked growth. On the other hand, when the enterprises depend upon the state plans for their production tasks and depend upon state procurement for the sale of their products, when there is no competition or comparison, and when the enterprises are under no pressure, then accelerating the development of national economy becomes nothing but empty words. In the course of competition, those enterprises will die out which turn out products of inferior quality and at a high production cost, incur losses for a long time, and hinder the four modernizations. This is good for the country, for the people and for the development of our enterprises.

To improve economic results, it is also necessary to give full play to the superiority of the socialist system and, according to the needs of production, to advocate the development of economic links between various places and take the road of integration. After the enforcement of two-level financing and the expansion of the enterprises' decisionmaking power, the money in localities and enterprises will increase year by year. Then we should carefully arouse the enthusiasm of those who participate directly in production and in operations, recognize their material benefits, and, on the basis of voluntary consultation and mutual advantage, help them to set up joint enterprises and partnerships between regions, between central organs and local organs, and between ownership by the whole people and collective ownership, and take the road of integration. This is a practical way of making up the shortage of state funds and, under the general condition of no or not much additional investment, of giving full play to the existing potential of the enterprises, so that the industries can grow at a certain speed. This [approach] can easily gain results; as the saying goes: "Blow away the husk and see the rice." At the same time, this is also an effective measure for solving such phenomena as small enterprises jamming big enterprises and redundant construction.

As the interests of the state, the enterprises and the people, as a whole, lie in striving for the greatest economic results, it is necessary to give full play to everybody's intelligence and wisdom, and to make an all-out effort to get greater economic results. It should be seen that our country has very great potential for improving economic results. If we increase the output rate of every 100 yuan of fixed assets by 10 percent, it will be equal to the increase of scores of billions of yuan in fixed assets. If all the technical and economic targets of our existing enterprises can reach their highest level of the past, we can turn out far more products than at present without additional manpower, material resources, or equipment. If they take a further step and reach advanced international levels, our industrial production will double and redouble. With improved economic results, the state will possess greater material wealth to be used for the development of economic, cultural, and welfare undertakings required by society as a whole; the enterprises will be able to draw proportionately from their profits more funds for themselves for use in expanding reproduction and for the collective welfare of the staffs and workers; and the staffs and workers will also be able to increase their wages as quickly as possible in order to improve their standard of living. Therefore, improved economic results are closely bound up with the interests of all enterprises and individuals and are their undeniable responsibility. All staffs and workers should "begin with me" and, at their own work posts, seek greater economic results to win new successes of increasing production and practicing economy, with more income and fewer expenditures.

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CSO: 4006

GENERAL ECONOMIC INFORMATION

OVER 19.3 MILLION MORE PERSONS EMPLOYED IN PAST 3 YEARS

Hong Kong ZHONGGUO XINWEN in Chinese 30 Jun 80 p 3

[ZHONGGUO XINWEN dispatch from Beijing, 28 June: "More Than 19.3 Million People Employed in Past 3 Years in China"]

[Text] As part of an overall readjustment of the national economy, the state has made arrangements for the [job] placement of over 19.3 million people of all categories, of whom 9 million were helped to settle down last year alone.

After a large number of young people waiting for employment and able-bodied persons in society were employed, it spurred the development of the economy, solved to a certain extent many requirements of the people's living, and promoted stability and solidarity.

In the past 3 years, governmental departments everywhere have earnestly readjusted the economy, developed production, opened all avenues of employment, and aroused the masses to energetically conduct collective ownership enterprises. In many localities, the number of people employed by collective ownership enterprises constituted about 50 percent of the total number of employed persons.

Since last year, the newly emerging service companies in various places have played an active role in motivating local authorities to open all avenues of employment and in organizing and resettling young people awaiting employment. Recently, the state appropriated, a sum of money to further develop and run well the service companies in various places.

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GENERAL ECONOMIC INFORMATION

BRIEFS

JILIN RESIDENTIAL CONSTRUCTION--Jilin Province has made great advances in urban residential construction this year. By the end of July, 379 million yuan were invested in this sector. Houses were built on 115,000 square meters of land. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 14 Aug 80 SK]

JILIN METALLURGICAL MEETING--The Second Northeast China Annual Meeting on Nonferrous Metallurgical Analysis concluded recently in Changchun municipality. The meeting received 46 experimental reports on instruments used to analyze rocks, minerals, metals, alloys and elements. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 14 Aug 80 SK]

BEIJING PRINTING INDUSTRY--Beijing, 13 Aug--Beijing's printing industry cannot meet the needs of the city's publishing service. The present annual capability of all the 30 printing enterprises respectively under the central departments and the municipality (excluding the printing shops of newspapers, PLA units and secretarial staff groups) in the Beijing area can print only 3.38 million reams of paper or 1,800 million characters. In the past few years, Beijing had to request printing shops in the provinces and autonomous regions to print more than 1 million reams of paper each year. Books, magazines and other literature printed and to be printed in Beijing this year amounts to 2,400 million characters, which requires 7.7 million reams of paper. Part of this printing task will be done by some provinces and it is still unknown as to when the entire work will be completed. To improve this situation, a number of leading comrades of Beijing's publishing circles called for integrating these printing enterprises and carrying out specialized cooperation among the printing shops step by step under a unified plan. [Beijing Xinhua Domestic Service in Chinese 0745 GMT 13 Aug 80 OW]

CSO: 4006

FINANCE AND BANKING

WORK TO ADJUST ECONOMY CONTINUING

Role of Banks

Beijing ZHONGGUO JINRONG [CHINA'S FINANCE] in Chinese No 3, Mar 80 pp 6-9

[Article by Yang Kunxiang [2254 1024 4382], Fujian Provincial Branch, People's Bank of China: "Give Play to the Role of Banks in Readjusting the Economy"]

[Text] Under the leadership of the Party Central Committee, throughout the entire country we are advancing toward the magnificent goal of the four modernizations with a common mind and a common effort. In order to give better scope to the role of the banks in the four modernizations work, we must carry out the principles of emancipating our thinking, getting the machine started, seeking truth from facts, and uniting together and looking forward, insist on practice as the only criterion for testing truth, proceed in all cases from the actual situation, further eliminate the remnant poison of the extreme left line of Lin Biao and the "gang of four," rectify our ideological line, and run our banks according to objective economic laws.

Review Historical Conditions, Absorb Experience and Lessons

During the 30 years since the founding of our nation, our work on banks has passed through a tortuous path. During the recovery of our national economy and the First 5-Year Plan period, the party and the state, making use of the bank as an ingenious and complicated machine, carried out centralized uniform leadership and adopted firm measures; in a very short period, they were able to arrest the vicious inflation left over by the Kuomintang, stabilize the money market and prices, and realize the balance in public finance, resources and cash revenue and expenditure. The banks adopted a policy of differentiated treatment in respect to various economic elements and thereby strengthened the forces of the state-run economy and promoted the socialist transformation of agriculture, capitalist industry and commerce, and handicrafts. During this period, various types of economic work were able to follow objective economic laws fairly well, and our production and construction enterprises thus also developed fairly rapidly.

In the several years pursuant to 1955, because we lacked experience in construction, took into account only subjective needs but ignored objective feasibility, blindly sought to acquire a high speed and, hence, violated objective laws, our economy suffered a breakdown, and our banking work also became seriously affected. The banks, as a result, would only reckon political accounts in their work but not economic accounts; they would only talk about services but not supervision and they paid no attention to working out a comprehensive balance. If anyone should mention control of capital, he would be regarded as having a "simplistic point of view on capital" or harboring "big bankism." In providing capital, the banks were thus extremely loose-handed; when loans were requested, they were "granted no matter how much was involved or what was the occasion." These banks therefore became simply "the big treasury" of the enterprises and played no supervisory role, wasting large amounts of capital in the end. Monetary circulation in the market also proved abnormal.

In order to overcome the phenomenon of a lack of proportionate development in our national economy, the Party Central Committee in 1961 promulgated the principle of "readjusting, consolidating, strengthening, and improving" our national economy. In March 1962, the Party Central Committee and the State Council issued "Decisions Concerning Practical Reinforcement of the Centralization and Uniformity of Bank Work and Strict Control of Currency Issuance" (simply called the Six Articles on banking) to require the banks to carry out strict credit loan, account closing and cash control, give full scope to the role of the bank as an economic means, so as to keep to the existing plans and watch over such work entries for the state. At that time, bank work was coordinated with a series of major measures adopted by the state, and hence played a positive role in the readjustment of our national economy. Industrial and agricultural production was quickly put into smooth operation; commodity supplies quickly took a turn for the better; and surplus paper money in the market was quickly recalled.

During the Cultural Revolution period, Lin Biao and the "gang of four" carried out an extreme left line; bank work also met an unprecedented disaster. They slandered the Party Central Committee's "Six Articles" on bank work as great revisionist poisonous weeds, reinforcement of monetary control as "every article an instance of dictatorship," support for production as service to an erroneous line, organization of idle capital from the masses as servitude to the bourgeoisie, and recovery of loans as "Huang Shiren [7806 0013 0088] exerting pressure to collect a debt"; they decried money as the hotbed of the bourgeoisie, and frantically demanded to thoroughly crush the banks' "economic yamen"; etc. The bank as a leverage was thus negated and it eventually existed almost in name only. During the period when Lin Biao and the "gang of four" held the sway, the national economy skidded to the brink of collapse, and the situation with monetary circulation was also abnormal.

Our experience and lessons in the ups and downs of our banking work have been extremely profound. Because our country remained for long periods

of time in a feudal society and our commodity economy was not very well developed, people's mode of thinking and mode of activity were fairly deeply influenced by the habitual forces of small production; in the meantime, we also lacked bank work experience adjusted to large-scale production on a societywide basis, and hence mechanically copied the working style of the Soviet Union in placing emphasis partially on administrative control. All this also affected the scope of the role that could have been played by the banks. But, so long as we really perceive the objective laws, pay attention to giving scope to the role of credit as an economic leverage, along with the readjustment and restructuring of our national economy our banking work can, too, be gradually improved and elevated.

Eliminate Extreme-Left Influence, Rectify Our Ideological Line

After the smashing of the "gang of four," the banks, following the directives of leading comrades of the Party Central Committee and the State Council, energetically carried out readjustment and strengthened their ideological construction, organizational construction and business construction; the financial principles and policies of the party and the state are being carried out in a thoroughgoing way, and the status and role of the banks in our national economy are being restored and elevated. We must thoroughly break the spiritual fetters imposed on people by Lin Biao and the "gang of four," overcome the stultified and semi-stultified state of our ideology, and concentrate everybody's thinking and action on our great effort to work on the four modernizations.

First of all, we must clearly understand that the fundamental role of the banks is to promote the development of our economy and accelerate the progress of the four modernizations. For long periods of time, we have on the matter of the relationship between class struggle and production development partially stressed taking class struggle as the key link and inappropriately suggested that the bank was an instrument of the dictatorship of the proletariat without realizing that we must take the development of our economy as our central task. The leading forces of the banks thus became concentrated on the promotion of political activities and transformation of production relations but proved weak and feeble in providing leadership on business undertakings; business measures often adapted to the changes of the political climate, no effort was seriously made to study objective economic laws, and even good subjective desires incurred no corresponding economic results. Practice has proved that if the relationship between politics and economics is not correctly placed, we are bound to deviate from the principle "Develop our economy, and guarantee our supplies" and incur punishment by history.

Secondly, we must clearly understand that the purpose of the banks providing support to production is to continuously satisfy the increasing material and cultural needs of the whole society. As we were subjected to interference by erroneous lines in our work over the years, we lacked

an overall understanding as to the ultimate goal of socialist production and hence sometimes failed to follow the basic economic laws of socialism in our operations. In our work on agricultural loans, we at one time criticized the so-called practice of "granting loans to the rich but not to the poor," as if poverty alone represented socialism and hence granting loans to poor production teams would be a correct line, whereas wealth represented necessarily capitalism and hence granting loans to rich production teams would be an erroneous line, thus failing to take as our criterion for work measurement as to whether the production teams in question were creating wealth and value or not. As a result, in the case of communes and production teams with output of commodities, we dared not to provide sufficient support, and hence the scale of their production could not be quickly expanded; a considerable amount of loans was merely granted as relief funds which protected only a backward natural economy. In our work on industrial and commercial credit loans, we failed to take into account economic results and to pay attention to use values, but often relied only on a given plan in our operations and such plan often proved incongruous with realities, raised demands at each higher level, and left gaps accordingly; as a result, a lack of proportionate development between the two major categories of production became aggravated, or useful materials were even turned into useless products, stockpiles of the enterprises became bigger and bigger while commodities in the market became scarcer and scarcer. Under such circumstances, the loss and waste of state resources and capital also became rather serious.

Thirdly, we must clearly understand that under the condition of socialist commodity production, value forms such as credit loans, interest rates, etc., still play a certain adjustment role. In the past, we regarded planned economy and market economy as two mutually exclusive opposites, and the law of value as an alien force, and hence failed to acknowledge the adjusting role of credit in production. A bank's adjustment of our economic life is realized through the form of movement of credit in that there is borrowing, there is repayment, and there is also interest added. But under the interference and sabotage of the extreme left line, the credit principle of there being borrowing and their being also repayment was criticized as if it was revisionism, and hence there came to be the one-sided view that, while granting a loan was support to production, collecting a loan would not be support to production; this resulted in an abnormal practice in our bank work of stressing the granting of loans but taking the collection of loans lightly. There were even those who would take out a loan to be used for non-productive expenditure or on construction projects beyond their given plans which yielded no benefits. Some leaders also granted approval at random, forcing the banks to make loans in violation of established policies. The result of stressing the granting of loans but taking the collection of loans lightly led to the immersion and stagnation of large amounts of loan funds, with the capital of the state becoming more and more blocked and the debt of the loan-granting units becoming heavier and heavier. The upshot was harmful to the state on the one hand and to the people on the other hand. Yet the "gang of four" at the same time advocated forgiving certain loans and propagated

foregoing certain debts, thus doing their best to sabotage the state's credit system in a vain attempt to take everything away from the state, and divest it of everything.

Fourthly, we must clearly understand that the bank is an important instrument for the state to mobilize capital. Marx said: "Insofar as the bank is concerned, what is most meaningful is always deposits." Organizing society's idle capital is the basic condition of the existence of banks; only by means of credit can the state turn dead money into a lively medium, turn a small amount into a larger amount, turn temporarily idle capital into long circulating capital, and turn consumptive capital into productive capital. Enlarging the deposits is the prerequisite for expanding the loans; without the banks organizing huge amounts of deposits, socialist expanded reproduction cannot proceed smoothly. The "gang of four" spread the rumor that depositing one's money in the bank was equivalent to "looping a golden chain around one's own neck," that interest from savings was "exploitation"; they ignored prescriptions of the Constitution, seized, looked into, and froze savings deposits at random, and were suspicious even of normal overseas Chinese remittances, thus inevitably ravaging the enthusiasm of banks and the masses of the people in accumulating construction capital for the state. Under such influence of the extreme left line, the banks dared not use interest as an economic leverage and inappropriately reduced the interest rate for the deposits, thus making it impossible to gather the currency which could have ordinarily been gathered in the banks through such deposits and leaving it floating in society to increase pressure in the market and thereby causing an imbalance between currency circulation and commodity supply. Since the banks failed to turn the deposits that could objectively be absorbed into actual deposits, the source of capital for credit loans could not be expanded, nor meet the demands for construction capital; the upshot was bound to affect the balance between financial capital and credit loan capital, leading to abnormal issuance of currency.

Practice tells us that, in handling economic work we must follow objective economic laws in our operations, and only in so doing can economic construction of our state develop rapidly; violation of such objective economic laws is bound to delay or even break down the entire construction program. The banks are a comprehensive department of our national economy; their status and role in our national economy exist objectively. When the party's political line is correct and its economic work follows objective laws, the role of the banks would have a chance to develop, and the banks can thus also apply the economic means they possess to promote economic development. On the contrary, when the "gang of four" was on the rampage, one could of course hardly speak of any status or role of the banks, or they could even be utilized to play a bad role. This question must also be well acknowledged.

Do a Good Job in Our Banking Work, Promote Our Four Modernizations

In the new historical period, objective circumstances require us to strengthen our banking work and give full scope to the role of the banks in our four modernizations. As a leverage for economic development and technical renovation, the banks must carry out the necessary adjustment in production, distribution, exchange and consumption. They must unite well Marxist-Leninist works on banking work with their actual economic life, proceed from the actual situation of the development of the economy, do a good job on their own transformation, and run their banks really as banks.

Taking Fujian's situation as an example: it is close to Hong Kong and Macao; there are many overseas Chinese living in the province; its resources are fairly rich; and it has many beneficial conditions that would accelerate economic development. The Party Central Committee approved the program for Fujian to carry out the new economic management system in 1980 so as to take a step ahead of other areas. On the basis of the spirit of the Party Central Committee's directive, the Third Party Congress and the Fifth Session of the Second People's Congress of the province decided to carry out province-wide reform of the economic system, adopt special policies and flexible measures in our external economic activities, give full play to the advantageous conditions of our province, and to make a go of our national economy as quickly as possible. Bank work must, under the unified leadership of the provincial party committee, thus proceed from the actual situation of developing the economy of our province as quickly as possible and play its due role in the organization and application of capital, adjustment of currency circulation, promotion of economic readjustment, promotion of the development of production and expansion of circulation, promotion of external economic development, and aspects of the like.

First, use the power of credit, thoroughly carry out established policies, and propel the economy of our province continuously forward in the midst of readjustment. The provincial party committee decided to handle the economy of our province with the approach of breaking through in the middle and arming both ends by readjusting the ratio of development between agriculture, light industry and heavy industry, beginning with the energetic development of light industry, and thereby proceeding toward expansion of exports, accumulation of capital, and arming of agriculture and basic industries. According to this decision, in bank work we must first of all promote agricultural production well, strategically support agricultural bases and communes and production teams devoted to commodity production, help them carry out technical renovation in agriculture, make full use of local resources, develop multiple productive enterprises according to local conditions, so as to bring about production increase in agriculture, forestry, cattle-raising, industry, sideline undertakings and fishery in general, provide sure guarantee for the supply of raw materials to light industries and export commodities in foreign trade, and promote the

quick development of the countryside economy toward prosperity. We must energetically support the development of light, chemical and electronic industries so as to provide more industrial products for the domestic and international market. The light industries of our province have a very good foundation and a great productive potential; the banks must provide support for them to energetically tap their potential resources, carry out renovation and transformation, and improve the quality of their products, increase the varieties and designs of such products, and thereby better adapt to the needs of the domestic and international market. In the case of enterprises which require little investment, yield fast results, have a great capacity for export operations and earning of foreign exchange and which, with but some key equipment added, can readily expand their productive capabilities, the banks may support them through the issuing of medium and short-term equipment loans to them. The banks must actively support the development of collective enterprises in cities and townships, promote increase in social production, enliven the market, expand employment, and mobilize the enthusiasm of youth in the building of socialism even better. Along with the unfolding of external economic activities, our banks must actively attempt to do a good job on providing foreign exchange loans and foreign trade loans, correspondingly develop international insurance business, following prevailing methods in the international arena, adopting various flexible modes, making use of foreign capital, so as to support the importation of advanced technology and equipment, support the enterprises to develop processing of imported sample products, assembling of imported parts, compensatory trade, and running of factories on joint capital, etc., and thereby promote the effort of our province to quickly establish its export base.

Second, energetically organize domestic and international capital and support the four modernizations. Extensively raising the necessary capital to support the four modernizations is an important task of the banks. Only after the banks have organized large amounts of deposits can they issue large sums of loans. In the production and exchange in society and in people's economic life, the distribution of monetary capital is uneven; whether in the case of economic units or of individuals, the amount of capital they possess can only be more or less, overly abundant or lacking, and the occasions when such capital is needed also vary; there is bound to be part of the capital in a temporarily idle state which, if concentrated, is likely to be a rather great amount of financial resources. We must take full advantage of the characteristic fact that we have economic relations with all departments and units in order to improve and strengthen cash control and account closing work, think of all ways and means to absorb such idle capital. We must carry out propaganda and education on running our households with industry and frugality and practicing economy and accumulating savings in a thoroughgoing and sustained way, seriously carry out the savings policy of "free deposits, free withdrawals, interest for every deposit, and protection for the privacy of every savings account holder," raise the quality of our services and facilitate such deposits and withdrawals of the masses. There are numerous overseas Chinese in

on province they love the motherland and they love their native places. As their visits to relatives and sightseeing trips become more and more frequent and their remittances from overseas continue to rise, the banks must firmly carry out the policy of providing protection for overseas remittances, maintain the legitimate rights of relatives of such overseas Chinese, cooperate with concerned departments to do a good job on providing the necessary supplies for such overseas Chinese remittances, endeavor to handle well the building up of such overseas Chinese remittances, and actively manage well the task of providing tourist services so as to increase our tourist revenues. At the same time, we must also accurately and timely handle the international settling of foreign exchange accounts, flexibly use the foreign exchange funds, and score fairly great increases in the foreign exchange revenues of both our trade and non-trade operations.

Third, correctly make use of the leverage of credit loans and interest rate to promote and supervise various economic activities. The banks are ribbons that connect various departments of the national economy together; through "the methods of increasing or decreasing, facilitating or hampering credit loans" and by carrying out the principle of "differentiated treatments and support for the select," they apply differentiated interest rates and propel the enterprises to realize the greatest economic results by way of economic means. In respect to enterprises whose management is good, whose products are of good quality, whose sales are responsive to consumer and market needs, and whose capital circulation is normal, the banks would issue loans to them on better conditions so as to actively support their effort to increase production and expand circulation. In respect to enterprises whose management leaves much to be desired, whose products cannot find any outlet, and whose capital circulation is slow; enterprises that purchase commodities unsuitable for sale, that retain stockpiles on hand fail to actively dispose of them; and enterprises that sustain losses beyond their given plans and violate financial and economic discipline, the banks must on the one hand actively help them adopt ameliorating measures and on the other hand retain close control of their loans. If the enterprises cannot make improvements within a time limit, the banks must exercise some punishment through the credit loan arrangement in order to prod them toward changing their outlook. Interest rates for the loans should also be treated differently according to the length of the loan periods and the normalcy of the use meant for the loans, so as to make a meaningful connection between the success of management and the economic responsibility of the enterprise leadership, and a relevant link between the payment of interest and the economic interests of the enterprises and their workers, and thereby prod them into doing a good job on their economic accounting and rationally practicing economy in the use of their capital. From now on, we may also adopt the approach of having a bank and an enterprise conclude a loan agreement to clearly define the economic responsibilities of the two sides and commonly improve the economic results of capital use.

Fourth, adjust monetary circulation in a planned way so as to maintain the basic stability of the currency and the prices. The state of monetary circulation is closely related to the country's economic life. When monetary circulation is normal and the value of the currency stable, when people's life is peaceful and secure, important conditions for the development of the entire national economy would be afforded. When paper money becomes overflowing in the market, price fluctuations would result, and the peace and security of people's life as well as the progress of production and construction would be affected. When paper money is too scarce in the market, commodity circulation would be affected, things that should be done would be left undone, and an ill effect would result in the development of production and construction. We must plan and adjust monetary circulation according to objective demands in order to make the issuance of the currency correspond to the needs in the development of production and expansion of commodity circulation, and to have a reasonable ratio maintained between the circulating amount of currency and the feasible supply of social commodities in the market. Although our People's Bank is the only currency-issuing organ of the country, if we wish to achieve normalcy in monetary circulation, it would have to be determined by a comprehensive balance between public finance, resources, and credit loan operations, and cannot be done by the bank alone: close cooperation and common efforts is needed. During the past 2 years, the state has exerted much effort to improve the livelihood of the masses, raise the purchasing prices of agricultural and sideline products, increase the wages of the workers, open up extensive avenues of employment, so that there has been an elevation of the monetary income of the people in the cities and the countryside. But because the national economy just began to undergo readjustment, and it takes a certain process to compress capital construction and increase light industrial products, there is still a gap between people's purchasing power and commodity supplies in the market; to effect a balance between the two also involves a certain process. The banks must regularly investigate and study problems in our economic life, timely report them to the leaders and concerned departments, advance proposals, adopt strong measures, so as to promote production, increase supplies, control investment and loan issuance, expand currency recall, adjust monetary circulation in a planned way and thereby guarantee proportionate development of the national economy at a high speed also in a planned way.

Foreign Exchange Work

Beijing ZHONGGUO JINRONG [CHINA'S FINANCE] in Chinese No 3, Mar 80 pp 20-21

[Article by the Bank of China: "Do a Good Job in Foreign Exchange Work, Promote the Readjustment of Our National Economy"]

[Excerpt] The year 1980 is one in which our four modernizations forge ahead in the wake of victory. As the special foreign exchange bank of the state, the Bank of China must, according to the requirement of carrying out the principle of readjustment of our national economy and the reform

of our economic system, endeavor to do a good job on our foreign exchange work and achieve overall completion of various tasks entrusted to us by the state.

I. Continue to Do a Good Job in Raising Foreign Exchange Funds

Making use of foreign capital and importing advanced technology for the sake of accelerating our four modernizations under the premise of independence and self-reliance in our firm, fixed, important policy, and it plays the important role of mutual promotion together with our current principle of readjustment, restructuring, consolidation and improvement being currently carried out. This is also a task of first importance for the Bank of China in the new era. Since last year, on the basis of the policies and plans of the state, taking advantage of international conditions beneficial to us, and adopting modes prevailing in the international arena, we have already raised a considerable amount of capital funds. Although we have begun to use only part of these funds, they have already played their important role in supporting the introduction of advanced technology and importation of advanced equipment, in accelerating the exploitation of oil fields and coal mines, and in helping the development of export commodities. In 1980, we must firmly grasp and take advantage of the current beneficial opportunities to continue to borrow select foreign capital. In order to better carry out the policies of the state, closely coordinate with state planning, and facilitate a timely summing up of our experience, it is appropriate for the bank headquarters to raise loans from foreign countries in a uniform way and to organize deposits of foreign banks in a uniform way. Domestic branches of the bank must reinforce their work on organizing foreign exchange deposits; wherever such conditions exist, this business task must be actively launched. Foreign exchange deposits must all be given an appropriate interest. In order to mobilize the enthusiasm of various branches of the bank in the absorption of foreign exchange deposits, part of the total deposits shall be allocated as capital source for these branches to issue foreign exchange loans and to be thus used by them independently according to established loan-granting principles.

II. Reform the Credit Loan Management System, Give Full Play to the Promotive and Supervisory Role of Credit Loan to Production and Circulation

In order to manage well and make good use of the foreign capital already raised, give scope to its due economic effects, and promote the possibility of having the loans already issued reap their expected results, we must correspondingly reform our credit loan management work. The important points of reform in respect to foreign exchange credit loan management are: on the basis of the principle of readjustment of our national economy, first of all help the light and textile industrial projects which require less investment, yield fast results, raise more foreign exchange, and garner great profits, and actively support the tapping of potential resources, renovation and transformation of old enterprises;

extend the limits for making the loans, with loans thus possibly issued also to non-productive departments with conditions to take out a loan and the ability to repay it; carry out the loan-granting principle of providing assistance to the select, and give support in capital in the case of undertakings beneficial to the production of export products and inductive to an increase in foreign exchange revenues; and enforce a limit in respect to enterprises which produce blindly, establish duplicate factories, and leave so much to be desired in their management that poor quality, high consumption and cumulated stockpiles have resulted. In order to make our foreign exchange loan-granting work more flexible, the Bank of China may also issue people's currency loans on domestic manufacturing of complete sets of equipment which are related to foreign exchange loans; in the case of export enterprises and bases enjoying a foreign exchange loan relationship which, for the sake of promoting the reform of the management of their enterprises and accelerating the circulation of their capital, have already opened up accounts at the Bank of China to handle people's currency business, their accounts should continue to be well looked after. In order to ameliorate the situation of foreign exchange loans being controlled too rigidly and attendant procedures being too complicated and trivial, from this year on the authority of control over the issuance of foreign exchange loans is to be delegated downward on the basis of foreign exchange lending plans compiled by the branch banks, so that once the controlled targets for a given fiscal year are approved, they can be put in the hands of those branch banks for appropriation with discretion: if they collect more, they are also entitled to issue more. In delegating the authority of examination and approval over loans downward to branch banks in the provinces, municipalities and autonomous regions so that loans within the prescribed limit can be examined and approved directly by the branch banks according to established lending principles, the procedures must be simplified. From this year on, in the case of short-term foreign exchange loans wherever conditions are present for using credit loans on the purchasing side, such credit loans on the purchasing side should be used as much as possible.

The branches of the Bank of China at various levels must, through foreign trade loans, actively support uniform purchase for foreign trade and the development by relevant departments of export commodities suitable for sale so as to promote a great development in our foreign trade; they must help the foreign trade enterprises improve their management and do a good job on their assets inventory and investment audit, warehouse operation and capital management; according to the principle of managing the economy by economic means, they must gradually reform the existing foreign trade credit loan management methods, and in this regard the various main branches may select one or two enterprises this year to experiment on issuing loans on the basis of amounts of commodity circulation and warehouse stock; they must relevantly strengthen credit loan organs and shore up their staff according to their business needs.

III. Strengthen Foreign Exchange Control Work, Increase Foreign Exchange Revenues, Practice Economy on Foreign Exchange Expenditures, and Accumulate More Foreign Exchange Capital for the State

Along with the development of foreign trade, economic cooperation and technical exchange with foreign countries, many new situations and new problems have emerged in our foreign exchange control work which need to be studied and solved. First of all we must strengthen our foreign exchange control methods and strive to promulgate temporary regulations on foreign exchange control as soon as possible, and also handle well a series of necessary preparatory work for the time after these temporary regulations on foreign exchange control are promulgated and put into effect. At present, we must resolutely carry out the spirit of Document No 2 issued (80) by the State Council and coordinate with the various concerned departments to resolutely eliminate the foreign currency black market and consolidate the people's currency unified market. For the sake of coordinating with the reinforcement of foreign exchange control, the State Council has already approved the scheme for the Bank of China to issue foreign exchange notes; various branches must seriously try to do a good job on propaganda and organization in respect to this work. In order to reinforce the control over pricing and account settling in foreign exchange between the enterprises, such practices are limited to goods handling departments or units which have retained portions of foreign exchange of their own or which can create more foreign exchange through trade, and also to commodities which are exchanged as exports to offset imports and commodities which are examined and verified by the planning commission as being exported beyond the planned quota; we can no longer extend our limits for handling pricing and account settling in foreign exchange. Along with the development of business and the daily increase in foreign exchange accounts, the unequivocal principle in controlling foreign exchange accounts today is: in the case of foreign exchange accounts derived from enterprise or individual retention of a certain percentage, they are subject to supervision and appropriation by the bank; foreign exchange accounts of enterprises financed by foreign capital, overseas Chinese capital and joint capital are managed according to the regulations of external foreign exchange accounts. In carrying out foreign exchange control duties, we must maintain the dignity of the law on the one hand and strive to protect and encourage enthusiasm in creating foreign exchange on the other hand.

There is a fairly great increase in this year's planning tasks concerning overseas Chinese remittances and other non-trade foreign exchange revenues. We must cooperate with relevant departments to seriously carry out our policies on overseas Chinese affairs and overseas Chinese remittances, improve our supply of materials in response to overseas Chinese remittances, and, when building up overseas Chinese remittances, also adopt measures to realize the supply of "the three materials" and problems of the like; we must support the development of our tourist industry and strive to over-fulfill our plans on revenues from overseas Chinese remittances

and other non-trade foreign exchange. In respect to non-trade foreign exchange expenditure, especially expenditure for trips abroad, we must reinforce our control; foreign exchange is hard to come by, so we must practice economy on expenditure in this regard.

IV. Reinforce International Account Balancing Work, Adapt to Needs in Development of Foreign Trade and Other External Economic Activities

International account balancing work is one of the most basic undertakings of the Bank of China; along with the development of our external activities, the international account balancing business is becoming heavier and heavier and its requirements are becoming more and more strict. We must elevate the level of our work in order to adapt to the needs of the developing situation. Foreign exchange collected from exports makes up an overwhelming portion of our foreign exchange revenues; we must seriously grasp well this work. First of all we must coordinate with the concerned departments to adopt measures to practically improve the quality and efficiency of our exports certification work, facilitate our foreign exchange collection channels, establish a fixed quota examination system, so as to strengthen the examination of our collection of foreign exchange from exports. There will be a further development of processing, assembling, compensatory trade and business forms of the like this year; we must continue to give them support by way of our manners of payment, discretion in the provision of capital, credit guarantee, etc. Such undertakings develop more rapidly in Guangdong, Fujian, and areas of the like; the branches of the Bank of China at these places must pay attention to summing up their experience in supporting the development of these undertakings there. Along with the reform of our foreign trade system, export business at the various places will develop more rapidly; in respect to export business in the Hong Kong and Macao areas, operations have already gotten started at various places; in the interior, if banks wish, because of needs in the development of their business, to start on seafaring operations, they can also do so as long as conditions are present. Banks in the interior running seafaring operations is a new undertaking; relevant port banks in Shanghai, Guangzhou, Tianjin, Dalian and the like should provide guidance and assistance on such an undertaking. Energetically developing our work on providing trust and consultation services has an important role to play in respect to the promotion of the development of foreign trade and other external economic activities. We must make full use of the advantageous conditions of overseas organs and agencies to strengthen our work on the investigation and study of market situations and merchants' capital credits and also on trust and consultation in order to serve the promotion of the development of foreign trade and other external economic activities. Whatever branch banks with adequate conditions should actively try to provide such services.

In order to guarantee the completion of the above-stated tasks, the Bank of China must continue to do a good job on the reform of its system, strengthen its work on investigation and study and its work on economic

accounting, etc., so as to meet the needs in the development of its business. Reforming the Bank of China system is an important measure of the state aiming at giving scope to the role of a bank specializing in foreign exchange and at accelerating our four modernizations work; we must resolutely do a good job on this. In carrying out this reform of our system, various branches must strengthen the construction of their leading groups by relying on the leadership of the local party and government. The headquarters and the branches must strengthen their cadre control and cadre training work in a planned way, and gradually change the present situation in which the policy and business level and foreign language level of our cadres are found to be low. Today the international situation is very much to our advantage; various domestic and external branches of the Bank of China must give full play to the role of a bank and, surrounding the central task of utilizing foreign capital, importing advanced technology, and accelerating the four modernizations, strengthen investigation and study of international finance, international economic, the international capital market and the international trade market, and also extensively develop their international financial activities accordingly.

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CSU: 4006

FUELS AND POWER

ZHEJIANG REVAMPS ITS POWER GRID

Hangzhou ZHEJIANG RIBAO in Chinese 27 Jun 80 p 1

[Article: "Our Province Reaps Initial Results from Improving Power Grid"]

[Text] One year after revamping our province's power grid we have reaped outstanding results. Currently we have already completed reconstruction of more than 40 engineering structures, have increased substation capacity by 240,000 kilovolt-amperes, have repaired and rebuilt more than 2,000 kilometers of 10 kV lines and more than 7,000 km of low-voltage lines, have saved 15,000 kWH on line losses, and have improved the safety and economy of the grid.

In recent years, this province's power grid has developed very rapidly. But because its structure was imperfect, the lines were roundabout, electricity was carried over long distances from its place of generation, the lines and substations had overload blockages, the voltage quality was poor, and line losses were large. The electrical energy lost through line losses throughout the province in a year was more than 900 million kilowatt-hours, equivalent to the energy consumed by Wenzhou, Taizhou, Lishui and Zhoushan prefectures in a year and a half. The provincial power industry bureau saw that given the state of the power grid, if while they were accelerating power construction, they did not also rapidly improve the state of the grid, they would not be able to realize fully the results of state power investments, and would waste precious electric power; there was no time to be wasted in unearthing the power grid's latent potential, introducing innovations and transforming it. Accordingly, with the strong interest of the provincial committee, the provincial people's government and the Ministry of the electric Power Industry, the province's electric power departments drew up, on the basis of the necessary principles of safety, economy, increased supply and decreased losses, a 3-year power grid conversion and improvement plan, and adopted the approaches of rationally increasing capacity and number, of substations, improving the power grid structure, introducing more voltage upgrading improvements, and increasing reactive compensation, and carried it out area by area in terms of importance and urgency.

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FUELS AND POWER

PLACING SOLAR ENERGY ON TIBET'S AGENDA URGED

Beijing GUANGMING RIBAO in Chinese 13 Jul 80 p 3

[Article by Zhou Wenbin [0719 2429 2430]: "Putting Utilization of Solar Energy on Tibet's Agenda"]

[Text] This reporter made a scientific trip to Tibet with Chinese and foreign scientists. Everywhere I went I saw that the walls of the Tibetans' dwellings were plastered with cakes of horse and cow manure. This is one of their main fuels for daily use. As a result, large quantities of organic fertilizer cannot be applied to the fields, but instead are committed to the flames, which is a great pity.

When we were traveling in the countryside, we frequently saw Tibetan women and children cutting a plant called langyaci [3708 3660 0459] on mountainsides and sandy and stony ground; when I asked I found out that this shrub, which does not grow more than about 1 chi high, is also an important fuel for the Tibetans. Where they cannot cut langyaci, the masses have to dig up sod to solve their cooking fuel problem. In Tibet, langyaci and sod are important plants in water and soil conservation, and maintenance of the environmental balance, as well as food for sheep and yaks. If it is cut down and dug up in this way, the inevitable result will be soil erosion and disruption of the ecological balance, or even a food crisis for the yaks and sheep. I visited botanists and pedologists, who are all deeply concerned over this circumstance and are calling for urgent measures to be taken to stop destruction of the plateau's plant cover.

When foreign scientists came to Tibet, they immediately saw the problems brought about here by energy shortages. One French scientist observed through the whole journey that the trucks he saw were mostly carrying firewood. According to surveys, 43 percent of Lhasa's domestic energy comes from firewood, and every year 50 million jin of wood is wastefully burnt. The industrial fuel is even more eye-opening, for the Linzhi woolen mill alone has to burn 30,000 cubic meters of wood each year. The casting of so much wood into the furnaces is truly tragic. Plants grow slowly on the plateau, and if the forests are cut this rapidly, the consequences are unthinkable.

The masses are also much concerned about this state of affairs. Everybody has to eat and drink, and so needs fuel to boil water and cook food. The masses in Tibet have expended immense amounts of effort and material and financial resources on fuel. According to responses from the masses, they spend more on fuel than on zamba [barley flour] and butter. I myself have seen a flatbed of sod sold for 5 yuan and a sack of dried cow manure sold for as much as 10 yuan. For most Tibetan families, this is a heavy burden. In the last few years, the planting of winter wheat has been expanded on the Tibetan plateau, but this high-yield crop has not been very much welcomed by the masses, partly because substituting wheat for highland barley as their main food takes more fuel.

Can the problem of a domestic source for the Tibetans really be insoluble? Not at all.

When the commune members make their living in the fields, the herdsmen raise their sheep in the grasslands and the scientific workers pursue their investigations in the countryside, they are bathed in the brilliant rays of the sun, and when they look up at it, suspended in the heavens, who has not sighed, "How bright and hot the sun is; what a great and clean energy source!"

Indeed, on the Tibetan Plateau, with an average elevation of more than 4,000 meters above sea level, the sun does seem to grant especial favor. Here the number of hours of sunlight per day is large, which is an extremely beneficial condition. Lhasa, which used to be called the "city of sunlight," receives an average of about 3,006 hours of sunlight per year, while Xigaze Prefecture receives 3,200 hours and the Tingri and Ngari regions receive more than 3,300 hours. At the same time, because the air is thin, the brightness level is good, and accordingly the amount of heat produced by sunlight on the earth's surface is greater than for low-altitude locations on the same latitude. In the Lhasa area, every square meter of ground receives 195 kilocalories a year, while the western Tibetan areas receive 240 kilocalories a year, a value unrivaled anywhere else in the country. The climate of the Tibetan Plateau is also different from that in China proper. When I was traveling there, although the rainy season had begun I very infrequently saw rain in the daytime; there was generally some rain at night, while in the daytime the clouds dispersed and the sun shone brightly. An experiment was made in January, when the temperature is lowest: a piece of sheet iron was painted black and placed in the sunlight, when its temperature rose to 70° C. Tibet has much more favorable conditions than China proper for utilizing solar energy. It is considered that in the south of our country, solar energy can be used about 9 months of the year, while in the north the figure is only 6 months; but in Tibet it can be used year round.

In order to use the abundant sunshine here, the Tibet Institute of Industrial Design and the Tibet Military District barracks pursued studies on the utilization of solar energy during the 1960's. Thereafter, many units set up solar water heaters to provide water for bathing and shaving.

lands already has more than 1,000 square meters of solar water collectors, which can heat water to a maximum of more than 70°. Last July, the autonomous region's Scientific and Technical Committee organized a solar energy research laboratory to conduct experimental research on the utilization of solar energy.

When I visited the research laboratory, I met its deputy director, Comrade Jing Zhili [2529 1807 4409] in a mobile wooden shed. He took me to see three products they have designed in action. The first was a solar oven. A risen loaf was placed in the oven and two parabolic reflectors above and below the oven were used to reflect the sunlight off its top and bottom; after about an hour the loaf, made of 5 jin of flour, had been cooked to a crisp golden brown and was delicious. According to experiments made this January, the temperature inside the oven actually reached 240°. The second product was a solar boiler. Twenty pounds of tap water was placed in a water tank supported on a wooden frame, and sunlight reflected into it by a reflecting surface, and after 40 minutes the water was heated to boiling. There was also a portable solar boiler. It consists of two reflectors and a tank that can hold 10 pounds of water, which when folded up resembled an ordinary box and can be carried. Comrade Jing filled the pot with cold water, adjusted the reflectors, and took me into the shed to fill me in on details. After about an hour, Xiao An of the laboratory called from outside: "The water's boiling! Come and pour it!" Comrade Jing told me that boiling another pot of water would take only 40 minutes, because the tank had already been heated up.

When I saw these demonstrations, I had an indescribable feeling. If the masses could all use solar ovens and boilers at home, how satisfying it would be! Not only could the forests, grasslands and langyaci be saved from denudation, digging up and cutting, but large quantities of cow and horse manure could be applied to the fields, much work that has been wasted on obtaining fuel could be freed, and the masses could be spared the smoke and heat of the fire, which would be very advantageous to health. It would be killing many birds with one stone!

"Can the masses buy these ovens and boilers?" I asked.

Comrade Jing Zhili explained: "Our costs for experimental production of these products were 35 to 50 yuan, equivalent to the price of only a few bags of cow manure. If a few improvements were made in the materials and structure and a standard design chosen, they could be put into industrial production and the cost lowered and quality increased, and the masses would welcome them."

What, then, is the difficulty involved in studying and popularizing them? Is it lack of capital? No. Every year the state has allocated several hundred thousand yuan for this work, and currently they cannot spend it all. Is it problems with materials? No. The oven and boiler use ordinary glass, aluminum-coated polyester, sheet iron and ordinary wood; no special materials. Is it that the manufacturing process is difficult to master?

let at all. These items are extremely simple, and the manufacturing process is not at all complicated; an ordinary member of the masses could master it after brief training. In the final analysis, the reason that utilization of solar energy can not get under way is primarily that it has not attracted sufficient attention from the relevant leadership. Although a solar energy research lab has been set up, this organization with only six persons is experiencing great difficulty. A movable shed with only about 20 square meters of space is their laboratory, their design shop and their manufacturing shop; there are not enough personnel, they are short on equipment, they even lack elementary means of measurement and testing, and it is very difficult to continue their work. Although many people are constantly suffering and crying out on account of this fact, they have not yet stirred up any ripples in the minds of the relevant leaders, nor have they managed to get the solution of this problem put on the agenda.

Thus, a seemingly complicated and difficult problem has become particularly simple. Is this not really the state of the case? If only the leadership would give it the proper attention, take effective steps to strengthen the relevant scientific organizations, organize and review the relevant research results in timely fashion, and set up the proper production organizations, and put a standard model into production as rapidly as possible, within 3 to 5 years they would begin to reap results: what difficulty is there in this?

Of course, we are not saying that using solar energy is a simple matter that requires no effort. In reality, it will be necessary to set up scientific research organs and production organizations, and there is much work of all kinds to be done, and many new problems would have to be studied and solved, in addition to which it would be necessary to change certain livelihood practices which the masses have long followed, which is far from easy and would require very painstaking work. But the path is there, and if we do not take the first step but merely stay where we are, we will never be able to progress.

Let the brilliant sunlight produce blessings for the progeny of the people of Tibet. Our work will have an inestimable future!

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CSO: 4006

FUEL AND POWER

PLANNED DEVELOPMENT OF METHANE PRODUCTION DESCRIBED

Beijing GUANGMING RIBAO in Chinese 13 Jul 80 p 3

[Article by Office of Nationwide Methane Production Leadership Group:
"Methane Production Should Be Energetically Developed in a Planned Manner"]

[Text] In recent years the development and popularization of methane production in this country has achieved great results, and has attracted international attention. Currently, 7 million domestic-use methane tanks for rural commune members have been built, and about 30 million commune members have begun to use methane. Some other communes and brigades, state-run farms and livestock-raising operations, wineries, food factories and the like have constructed more than 36,000 relatively large methane tanks and are using methane in internal combustion engines for pumping water, irrigation, grinding rice, grinding flour, hulling grain, pulverizing, producing electricity, and drying agricultural and sideline products. However, in comparison with our country's actual needs, development is very slow. Between 1975 and the end of 1979, only 3.9 percent of rural households began to use methane. If development continues at this rate, by the end of the century only 20 percent of rural households nationwide will have begun to use it. In addition, nationally the development of marsh gas is very uneven. Development has been rather fast in Sichuan, Jiangsu, Zhejiang and Shandong; Sichuan accounts for 63 percent of tanks nationwide, Jiangsu for 9.4 percent, Zhejiang for 5.4 percent and Shandong for 5 percent. Guangdong, Guangxi, Fujian, Yunnan and Guizhou, which have relatively good conditions for the use of methane, have shown very slow development.

Currently the slow development of methane production has the following causes:

1. The organizations are not in good condition and the personnel situation is not stable. Currently 19 provinces, cities and autonomous regions have formally set up methane offices, while only half are at the authorized strength, and some provinces have set up the offices but not staffed them, instead temporarily assigning personnel from elsewhere, so that the staffing situation is very unstable. 2. Operating expenses and materials have not been included in the plans at the various levels. From the center

level, to the localities, the operating expenses and materials needed by methane offices have not been included in plans. The quantities of operating funds and materials are generally determined by how seriously the party committees at the various levels take the project. Because the methane operating funds have not been guaranteed, many units cannot train technical personnel. Channels of supply for cement and other materials are lacking, and shortages are extreme and are influencing development of marsh gas. 3. Management work cannot keep pace and policy has not been determined. In 1979, only 45.3 percent of all methane tanks which had been constructed could be used normally. The causes were: first, that since many localities did not approach the work in a planned manner, the authorities had an attitude of stressing construction and ignoring management; on the other hand, because there was not a complete and fixed top-to-bottom management structure, there were no permanent technical personnel. 4. The scientific research cadre is weak. Currently tank structure, stove fixtures and the like have not been standardized, and thorough research has not been done on fermentation, temperature maintenance and long-term use of the methane tanks, so that their output rate and utilization rate are low. These problems all urgently require scientific research so that solutions can be proposed. But the currently available scientific research units are relatively few, and most have just been established, are not fully staffed and cannot pursue their work normally. In addition, there are certain scientific research departments which do not take methane research seriously and do not give active support in arranging research tasks, allocating research funds and organizing cooperation between research departments, so that many problems are being worked on only slowly.

In order to make methane use develop rapidly and stably throughout the country, we propose the following:

1. Effectively strengthen leadership. We propose that methane construction funding and materials be included in the state energy development plan, and that the people's governments at the various levels include methane construction in their plans and assure that funding and materials are specifically provided for. The provinces, cities and autonomous regions must set up and keep in good condition the specialized standing methane organizations at the county level and above, staff them with a definite number of personnel with specific duties, formulate a development plan, and develop methane production steadily and in planned fashion.
2. Conscientiously make a success of management work. In view of the fact that currently the normal utilization rate for rural methane tanks is low and many tanks are in "sick" condition, methane management must be included on the commune or brigade management committee agenda, full-time or part-time methane management personnel designated, the relation between fertilizer use and gas use worked out, and the fertilizer application policy determined.
3. Strengthen scientific research work and train technical management personnel. On the basis of our country's current situation, a nationwide

methane research organization should be set up in the north. In order to improve our country's present situation, in which there is a serious lack of methane production scientific research personnel, we propose that the education departments add a biological energy resources specialty or run specialized methane production courses in engineering science or agricultural schools and universities as rapidly as possible and help the localities conduct county-commune-brigade three-level methane technology management training classes.

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LINYI PREFECTURE, SHANDONG, PUSHES METHANE PRODUCTION

Beijing GUANGMING RIBAO in Chinese 13 Jul 80 p 3

[Article: "Linyi Prefecture, Shandong, Shows a New Face in Methane Production"]

[Text] Last year, Linyi Prefecture, Shandong Province, reformed its "pre-emptive rush" approach to developing methane production, so that the work is developing rapidly and steadily. Currently, the prefecture already has 309 brigades in which methane production has been basically disseminated. These brigades all show a pleasing prospect of fertility and prosperity.

Linyi Prefecture began experimental work on methane production in 1974. But by 1978, the excessive demands and excessive urgency on the part of the leadership, which apportioned the tasks at every level and had every brigade take on the work and every household dig a pit, not only resulted in irrational location of tanks in many locations, but also led to low quality. In early 1979, they seriously summarized the lessons of experience, proposed a planned, focused, quality-oriented, steady policy, and carried out a general survey and repair of existing tanks, so that the masses became aware of the benefits of methane production and its development improved steadily. Between 1979 and this April, the prefecture built more than 66,000 new tanks, and repaired more than 26,000 half-done tanks from last year, so that the prefecture's methane tank utilization rate rapidly increased to 65.3 percent.

What effective measures did Linyi Prefecture use? First, they started by continuously improving the attitudes and understanding of the leadership at all levels, and in keeping with the spirit of the Central Committee Directive and the specifics of the situation in their own prefecture, they repeatedly propagandized the importance of methane production work. The prefectural committee leadership and leadership comrades at all levels drew up an account which showed that of more than 2.2 million agricultural households, 1.5 million were short on fuel, and were generally about a half year short. Because use of straw for fuel made it impossible to return it to the fields, the organic matter content of the soil was greatly decreased, so that the soil in almost 90 percent of the arable land had an organic

matter content, below 1 percent. In addition, this also resulted in a shortage of fodder and raw materials for industrial and sideline applications. Conversely, the units in the prefecture which had successfully developed methane production had solved these problems, had energetically promoted the development of agriculture, forestry and livestock raising, had protected the commune members' livelihood, and had increased input and decreased illness. This comparison raised the consciousness of cadres at all levels; their awareness was strengthened and their ability to promote methane production increased.

Next, they firmly grasped the key to developing methane production, namely, tank quality, and organized local methane research institute to strengthen study of expansion of methane utilization, as well as instituting an alliance of specialized teams and the mass movement, in order to promote methane production in a planned manner and expand methane production with a sharp focus. They solidly established key units at all levels, and on the basis of the differing situations in these units they formulated plans for implementing methane production, taking the approach of "constructing a group of tanks, using a group and consolidating a group." At the same time, taking the brigades or production teams as units, they organized specialized teams from technical personnel and commune members with a strong sense of responsibility, which are to take continuing responsibility for tank construction. Thus the specialized teams' tank construction techniques improved continually, as did their speed and quality. The cost of constructing a tank dropped from a previous figure of about 100 yuan to 30-50 yuan.

Linyi Prefecture also made scientific management of the methane tanks a long-term demanding measure in expanding methane production. It adopted a policy of using management to stimulate construction and uniting construction and management, set up specialized management teams and reorganized the management system, and while using economic methods to stimulate management they also came to grips with the following questions: first, connecting methane tanks with toilets and pigsties, which generally caused the tanks to become filled "nourishing material"; second, using the production team as the unit, they formulated a season-by-season change of materials plan, whose implementation was the responsibility of the specialized teams, so that the tanks would have enough "food"; third, they stimulated the masses to energetic raising of pigs, sheep and rabbits, increased the amount of basic fermentation material in the tanks, and thus greatly increased the utilization rate and gas production rate of the tanks. Thus, the collectives had fertilizer, the commune members had gas, and the tanks in some areas could even be used in the depth of winter, which greatly increased the masses' enthusiasm for methane production.

In addition, they also extensively mobilized the planning, commodities, industrial, financial and public health departments to actively cooperate with and make a success of the work of developing methane production, guaranteeing successful development of methane production. Currently the prefecture has constructed more than 200,000 tanks, and seven counties have

built more than 10,000 each. Of these, Junan and Rizhao Counties have constructed over 44,000 and over 34,000 tanks respectively, and their use rates are 74 percent and 84 percent respectively. Each of these two counties has methane tanks in more than 20 percent of its rural households.

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FUELS AND POWER

BRIEFS

HEBEI COAL DRESSING PLANTS--Shijiazhuang, 15 Aug--A number of new coal dressing plants have been built and some plants have been renovated in Hebei Province to increase dressing capacity. Fangezhuang Coal Dressing Plant of Kailuan Coalmine, a large, modern plant with an annual coal processing capacity of 4 million dun, is now under construction. Another plant with annual processing capacity of 900,000 dun has been officially put into operation at Sunzhuang Coalmine of the Fengfeng Mining Bureau. Zhaozhuang Coal Dressing Plant of Kailuan Coalmine has been expanded and its processing capacity has been increased from 900,000 dun to 2.1 million dun. [Beijing Xinhua Domestic Service in Chinese 0159 GMT 15 Aug 80 OW]

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LIGHT INDUSTRY

DEFENSE, ECONOMIC SECTORS WIDELY USING CHINESE-MADE COMPUTERS

Beijing GUANGMING RIBAO in Chinese 10 Jul 80 p 1

[Article by Zou Anshou [6760 1344 1108]: "National Defense and Economic Sectors Extensively Use Chinese-Made Computers"]

[Text] Recently, at Beijing's first "Chinese-Made Computer Series Products Fair," our reporter learned that relatively great developments have been achieved in China's newly developed electronic computer industry. Chinese-made computers are widely used and play a vital role in national defense construction and many sectors of the national economy.

In the past, China mainly relied on imported computers and spent quite a large sum of foreign currency. In recent years, China has been producing large batches of self-designed computers, such as the DJS100, 180, 200 series, and the DJS050, 060 microprocessor series, the quality of which has improved. The five models in the DJS100 series are being manufactured by 10-odd factories in relatively large batches amounting to one quarter of the total number of computers produced in this country. Remarkable improvements have been made in the function, reliability and stability of the computer series as compared with the past. The DJS050, 060 microprocessors, which were jointly designed by scores of organizations throughout the country, are currently manufactured with large scale integration [LSI] technology and characterized by relatively good stability.

Now, the advanced techniques in computerized scientific computation, data processing and process control are being applied in certain areas of some 20 sectors throughout the whole country, and have preliminarily demonstrated their irreplaceable advantages.

First of all, the scientific computing technology of electronic computers has played a tremendous role in national defense and scientific research. With its own computers, China has successfully conducted highly sophisticated computing and control operations involved in the development, launching, and control and guidance of missiles and satellites. In such sectors as light industry, architecture, petroleum, chemical industry, hydropower, as well as communication and transportation, computers are extensively used in project design work, thus increasing the work efficiency by several

tens to several hundreds of times, ensuring the engineering quality, shortening the period of time required for design work, and economizing on construction investment. For instance, the Northwest Electric Power Designing Institute used computers to conduct comparative analysis of 12 different proposals for designing Beijing's television tower, thus choosing the optimum plan and saving approximately 5 million yuan worth of investment.

In recent years, the application of computerized data processing is emphasized in such areas as laboratory data processing, economic information processing, enterprise management, information retrieval, medical data processing, meteorological forecasting, etc. The computer station of the Daqing Oilfield is using computers to study plans for the distribution of well patterns in oilfield exploitation, process dynamic and static oilfield data, and to promptly collect, process and report hundreds of thousands of pieces of data from several thousand oil wells, thus playing a tremendously important role in maintaining stable and high yields in the oilfield as well as scientific management. In recent years, the Fuchun River Hydropower Station used its computer facility to compute the peak flow of some 40 floods with prediction accuracy reaching as high as 93 percent; they also worked out plans for proper flood control and short-term electric power generation projects; electric energy increased by 74 million watts, which is equivalent to 37,000 tons of high quality coal and 4,800,000 yuan in value.

Rapid developments are made in the use of minicomputers and microprocessors for checking, monitoring and controlling the production processes of petroleum, chemical engineering, electric power, metallurgy, light textile, machinery, etc. Angang's cold rolling plant uses computers to control 75 dome-type annealing furnaces; the computers can raise, maintain and reduce the temperature according to the annealing curve, help alleviate the work intensity of workers under high temperature and harmful working conditions, and improve product quality and rate of certified products, thus increasing production and practicing economy at the same time. Since Shanghai's Lixin Hat Factory No 4 began using microprocessors for controlling electronic jacquard hat weavers, work efficiency has multiplied 20 times, and the factory can now produce five-color jacquards instead of three-color ones, which meets exportation demands.

In order to accelerate the popularization of computers, the state has approved the establishment of the Computer Technology Service Company. Some provinces, cities and autonomous regions have also set up regional computer technology service companies, and many computer industrial enterprises have their own technical service departments, which can serve the needs of computer users, train personnel for users, provide machine maintenance service as well as software, and help the users make full use of computers.

LIGHT INDUSTRY

SHANGHAI'S FIRST HALF YEAR INDUSTRIAL OUTPUT SETS NEW HIGH

Shanghai JIEFANG RIBAO in Chinese 4 Jul 80 p 1

[Article: "Shanghai's Industrial Output in First Half Year Sets New High"]

[Text] In the first half of this year, Shanghai's industrial production sets a new high record with the entire city's gross industrial output value reaching as high as 31.299 billion yuan, which is 8.5 percent over the same period last year, and 50 percent of the whole year's plan.

In the first half of the year, an encouraging trend appeared in the city's industry: the light industry greatly increased its regulated pace as compared against last year, and its proportion in the industrial production as a whole is continuously on the rise. Compared against the same period last year, the whole city's light industrial output value increased by 13.7 percent, which amounts to 3.4 percent increase over the production rate of heavy industry. The proportion of the light industrial output value in the entire city's total industrial output value has increased from last year's 49.9 percent to 51.3 percent.

There are relatively great increases in the production of commercial products and in short supply products. The output of such durable consumer goods as television sets, cameras, record players, electric meters, etc, as well as such basic materials in short supply as steel frames, thin plates, welded pipes, pure alkaline, etc has increased by over 20 percent, and it is predicted that the entire city's total purchasing quota of export commodities will increase by approximately one quarter over the same period last year.

The increase in energy consumption is lower than that of industrial output. While the gross industrial output value from January to May increased 8.4 percent over the same period last year, the consumption of industrial fuels only increased by 2.4 percent, and the electricity used by the industry increased by 4.7 percent. Compared against the same period last year, the average fuel consumption rate per hundred million yuan dropped 4.9 percent.

The profit gain is greater than production increase. Compared against the same period last year, it is predicted that the first-half profit of 10 major industrial sectors will go up 12.2 percent, which is 51.5 percent of the annual plan.

Land and water communication and transportation have moved up the overall production by more than one half. Port handling capacity and railway cargo transportation have steadily increased; compared against the same period last year, sea freight has increased 13.5 percent, and the transportation of foreign trade exportation goods has increased 50.2 percent.

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